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The author is unable to find evidence of an increase in prices in the island, which would indicate a burden corresponding to a tax, and evidently it is his opinion that in so far as the market house project was concerned the method of financing justified itself on grounds of economy and convenience. The apparent saving of interest was a real saving in that the noteholders were not conscious of any sacrifice in the state's behalf. For the subsequent and later issues, many of which were put out for nonproductive improvement, the same defense is not made. Redemption was neglected, public complaint was common; and the charge that opposition was fostered by the banking interests reminds the reader of more recent experiments in the use of circulating notes in lieu of taxes.

MURRAY S. WILDMAN.

Northwestern University.

Simplex Notions sur les Changes Etrangers. By GABRIEL FAURE.

(Paris: H. Dunod et E. Pinat. 1911. Pp. vi, 90. 2.50 fr.)

This little book is what its title indicates, a primer on foreign exchange. Its scope is limited, however, to a comparatively few gold standard countries, a consideration of the silver exchanges being omitted "in order not to complicate unduly the explanations" (p. 5, note). The author, who has had experience both as a bank employee and as a professor and examiner in the French Department of Technical Instruction, believes that the difficulties usually connected with the study of foreign exchange are to be attributed principally to the manner in which the subject is studied, and he purposes in this primer to present the subject "in a new form, elementary, and accessible to every one" (p. v).

M. Faure introduces the subject proper by describing the methods of computing and quoting the price of bullion in domestic trade, and then proceeding from the study of domestic trade in bullion, especially gold, he explains how gold might be used as a direct means of payment for goods purchased abroad. A French importer, for example, owing 1000 marks to a Hamburg merchant might purchase in Paris and ship to Hamburg sufficient gold to net the Hamburg merchant 1000 marks when presented for coinage at a German mint. The expenses of such a transaction are calculated and serve as a helpful method of approach to the subject of bills of exchange. There follow in order explanations

of such subjects as variations in the rate of exchange, the gold points, methods of quoting exchange, negotiation of bills of exchange, and arbitrage both simple and complex.

M. Faure's explanations consist principally in the working out of a large number of carefully chosen and simplified problems in practical foreign exchange. The book is an elementary arithmetic of the foreign exchanges rather than a book of principles. So well chosen, however, are the problems, and so accurately and clearly explained, that they afford a good insight into the superficial workings of the foreign exchange market, from the point of view of the business man.

E. W. KEMMERER.

Cornell University.

Principles de la Politique Régulatrice des Changes. By MAURICE ANSIAUX. Instituts Solvay. (Brussels: Misch et Thron. 1910. Pp. 259.)

The fundamental thesis of this book is that the exchanges *need regulation*. In its support the author devotes Part I to a criticism of the alleged classical dictum that the exchanges are self-regulative and that, consequently, governments and central banks may practice with reference to them the policy of *laissez faire, laissez passer*.

In substance his criticisms are: (1) that, granted the essential correctness of the classical theory, the normal readjustment between nations of prices and the quantity of money in circulation requires so much time for its operation that meanwhile bank reserves may be exhausted and their notes become inconvertible; (2) that the quantity theory which lay at the basis of their reasoning no longer is true if it ever was; and (3) that the classical theory itself is defective in that it fails to recognize as a contravention of natural law the regulation of the discount rates by central banks, which is the most effective means for the distribution of the precious metals between nations. M. Ansiaux claims that when the Bank of England, the Bank of France and the Imperial Bank of Germany change their rates of discount, they are not registering a change in the condition of the market as the thermometer registers the temperature, but that they are taking measures for the purpose of *influencing the market*—in other words, pursuing a policy for the purpose of *regulating* the exchanges.